

**LEGISLATIVE SERVICES AGENCY
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FISCAL IMPACT STATEMENT

LS 6784

BILL NUMBER: HB 1107

NOTE PREPARED: Jan 31, 2012

BILL AMENDED:

SUBJECT: Hydraulic Fracturing Treatments.

FIRST AUTHOR: Rep. Koch

FIRST SPONSOR: Sen. Gard

BILL STATUS: As Passed House

FUNDS AFFECTED: **GENERAL**
 X DEDICATED
 FEDERAL

IMPACT: State

Summary of Legislation: This bill defines "hydraulic fracturing" and "base fluid" for purposes of the law concerning oil and gas wells. The bill requires the Natural Resources Commission (NRC) in regulating oil and gas wells, to adopt rules for the reporting and disclosure of hydraulic fracturing treatments.

Effective Date: July 1, 2012.

Explanation of State Expenditures: *Rules:* The Natural Resources Commission is required to regulate hydraulic fracturing. The commission should be able to adopt rules given its existing level of funding. Any administrative expenses would depend on the content of the rules promulgated by the NRC.

Background: The Division of Oil and Gas does not receive funding from the state General Fund, but is funded by a dedicated fund and federal funds. The dedicated fund—the Oil and Gas Fund—receives 70% to 80% of its revenue from the Petroleum Severance Tax. Other sources of revenue for the fund include permit fees assessed when applying for a permit to drill for oil and/or gas. The Division operates on a budget of approximately \$1.3 M.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: DNR, Natural Resources Commission.

Local Agencies Affected:

Information Sources: DNR.

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